

NEW INSCO MINES LTD.

(NO PERSONAL LIABILITY)



ANNUAL REPORT

1971

NEW INSCO MINES LTD.

(NO PERSONAL LIABILITY)

HEAD OFFICE

SUITE 720
800 VICTORIA SQUARE
MONTREAL, QUEBEC

EXECUTIVE OFFICES

SUITE 1200
8 KING STREET EAST
TORONTO 1, ONTARIO

MINE OFFICE

P.O. BOX 275
NORANDA, QUEBEC

OFFICERS

President

JOHN R. CAMPBELL, Q.C.

Managing Director

H. DOUGLAS HUME

Treasurer

MRS. R. MANHIRE

Vice President

GEORGE F. ARCHIBALD, MSc.

Secretary

JAMES WILSON

Assistant Secretaries

J. TODD HOLMES, B.A., L.L.B.
ROBERT L. LECLERC, B.A., B.C.L.

DIRECTORS

GEORGE F. ARCHIBALD, M. Sc
JOHN R. CAMPBELL, Q.C.
GOODWIN GIBSON, C.R.E., M.A.I., C.P.M., F.I.R.
H. DOUGLAS HUME
PIERRE G. LACOMBE, B.A., B. ENG.

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JOSEPH M. PIGOTT, D.S.O.
ROBERT W. V. PURVES
HERMAN A. SCHAEFER, B. Sc., LLB.
DONALD D. THOMSON, B. COMM.

ELLIOT N. YARMON, B.S.S., J.D.

GENERAL COUNSEL
LAFLEUR & BROWN,
MONTREAL, QUEBEC

ONTARIO COUNSEL
MANLEY, GRANT & CAMISSO
TORONTO, ONTARIO

TRANSFER AGENT

CANADA PERMANENT TRUST COMPANY
600 DORCHESTER BOULEVARD
MONTREAL 101, QUEBEC.
AND
1901 YONGE STREET
TORONTO, ONTARIO.

NEW INSCO MINES LTD.

(NO PERSONAL LIABILITY)

March 17, 1972

To the Shareholders:

Your board of directors is pleased to submit herewith the Annual Report of the Company for the year ended September 30th, 1971. Included also are audited financial statements for the 1971 fiscal period.

The years 1971 and 1972 to the date of this report have seen many significant advances in the affairs of the Company. While our ultimate objective is to locate and mine ore deposits - an objective that we have not yet realized, our achievements in a little over a year of intense activity are indeed impressive. This report summarizes these events and in addition reports briefly on the results and our impression of the geological studies and initial drilling at our property at Lake Dufault and on the Americ property, adjoining our South boundary.

CORPORATE CHANGES

Following the change in management in September 1970, the Company's authorized share capital was increased to provide treasury shares for sale and further property acquisitions. The Board of Directors was increased from 5 to 11 members, all of whom are prominent executives experienced in various businesses and mining. In addition, the shareholders at the July 1971 Special General Meeting of Shareholders approved a by-law authorizing the election of an Executive Committee of the Board of Directors to allow for a more effective implementation of management and shareholder decisions.

A prospectus dated August 31st, 1971 was filed in Quebec and Ontario and 1,500,000 shares of the Company were qualified in September for sale to the public on a best efforts basis through W.D. Latimer Co. Limited. Under this prospectus the first million shares were subscribed and paid for, netting the Company \$400,000. The remaining 500,000 shares may be offered for sale in the months ahead at a price of not less than 67-1/2¢ net to the Company, the sale of which would in all likelihood add at least \$375,000 to our exploration funds.

CANADIAN STOCK EXCHANGE LISTING

Our application to list the Company's shares on the Canadian Stock Exchange, Montreal, was filed and approved. The Company's shares were called for trading on December 9th, 1971 with the trading symbol "NWI". We believe this development will have a beneficial effect on the Company's ability to raise venture capital for our continuing exploration and development activities.

NEW INSCO DRILLING PROGRAM - LAKE DUFAULT PROPERTY

Geological and geochemical studies of old drill logs and drill cores were conducted last summer and fall under the direction of George F. Archibald, M.Sc., our Vice-President, Explorations. Several promising drilling targets have been outlined by these studies.

This winter's drilling is being directed along a north-south trending mineralized rhyolite-andesite contact unit near the centre of the property where the geological environment is impressive. The studies mentioned disclosed several beds of well laminated fine grained chert interstratified between the rhyolitic pyroclastic rocks and the overlying andesites. Geological environments of this type have proven favourable locations for massive sulphide deposits in the Noranda mining camp. The current drilling program is testing the specific stratigraphic horizons exhibiting these favourable geological characteristics combined with trace element enrichments that could indicate the presence of commercial deposits of base metals.

To date 14 drill holes involving about 11,500 feet of drilling have been completed at the south-central part of the property. In every instance we have cut medium to heavy sulphide mineralization. Minor amounts of copper and zinc have been encountered. D.D.Hole #211 was the most interesting to date having intersected about 40 feet of finely banded chert containing visible amounts of copper and zinc. While the base metal mineralization intersected in this hole is not of ore grade it could indicate close proximity to an ore body. Drilling is continuing in this zone in an effort to find ore and further expenditures in this area are justified. The program will continue as long as weather conditions permit. Expenditures to date amount to about \$60,000.

AMERIC MINES LTD.

On our south-east boundary we have arranged on a joint basis with Canadian Merrill Limited to finance and manage an exploration program on the Don-X and Donrand properties now owned by Americ Mines Ltd. We and Canadian Merrill have purchased shares in Americ and have acquired options on additional Americ stock. Americ is a public company, listed on the Canadian Stock Exchange. We now hold 320,000 shares in this company and hold options on a further 320,000 shares. If all options should be exercised, New Insko would hold about 22% of all outstanding shares of Americ.

Americ acquired this property late in 1971 from Donrand Mines Ltd. and Don-X Mines Ltd., who now retain minority interests of 10% and 20% respectively in their original claims. The Americ holdings in Rouyn and Dufresnoy Townships, Quebec, amount to 1016 acres strategically located between our south boundary and the Delbridge Mines Ltd. property.

Drilling on the Americ property resumed in January 1972, following a basal till geochemical survey on selected portions of the property under the direction of Mr. George F. Archibald.

Previous work on surface exposures and in drill holes disclosed a widespread zone of anomalous base metal and mercury values in rhyolite tuffs and breccias. Anomalies of this type have been indicators of concentrations of copper and zinc mineralization in the Noranda camp. The geochemical survey was a follow up on favourable drilling results obtained last spring. The winter drilling program is being carried out over the most promising portion of the mineralized pyroclastic unit located in the north-central part of the property.

Ten drill holes, involving about 7,500 feet of drilling, have been completed in various portions of the property. Very heavy sulphides, including one section of massive pyrite over a width of three feet, were encountered in DDH #A35 located near the centre of the property, but some sulphides were encountered in all drill holes. Good drilling targets are still open in the vicinity of #A35, as well as in several other areas of the property. Drilling will continue to try to find base metal ore deposits. Expenditures to date are about \$40,000.

LARANDONA MINES LIMITED

The 7 claim, 280 acre property of Larandona Mines Limited, on our west boundary was acquired by us by the issue of a seven year non-interest bearing Debenture in the amount of \$105,000, secured on these claims only, but convertible into New Insko shares at the rate of one share for every \$2 of principal until July 1st, 1973, and rising in yearly increments thereafter to a maximum of \$3.25 by July 1978. Our share exchange proposal to the Larandona shareholders on the basis of one share of New Insko for 50 shares of Larandona was accepted by about 300 Larandona shareholders. We now hold about

950,000 shares of Larandona Mines Limited out of 1,550,108 shares outstanding. For many months Lake Dufault Mines Ltd. has been conducting a deep drilling program on their property south and east of the Millenbach shaft and only a few hundred feet west of the west boundary of these claims. Because drilling in this area would be deep and therefore very expensive, we deem it best to defer any exploration expenditures for the time being pending some disclosure of the results of the work so close to our property now being carried out by Lake Dufault Mines Ltd.

PAMIKE MINES LTD.

A working option was arranged on 19 claims on our north boundary with Pamike Mines Ltd. A short drill hole was completed at the end of November for assessment purposes under the terms of the option. While not considered part of our primary exploration, this drill hole intersected disseminated copper mineralization. Further studies on this property are warranted. Two hundred and thirty acres of what appeared to be uninteresting ground were dropped from the Pamike option on December 1st, 1971, leaving 530 acres comprising 13 claims under our control.

NEW ACQUISITIONS AND JOINT VENTURES

Mining exploration is expensive, but even a moderate element of success can yield high rewards. To achieve the greatest benefit of our financial and technical resources, your directors have determined our policy is to participate in joint exploration ventures with compatible resource-oriented Canadian and American interests. Therefore we have acquired the following properties and are arranging for three major unrelated mining companies to participate in our exploration and development programs.

1. **GETTY MINING NORTHEAST, LIMITED JOINT VENTURE - DAWSON ROAD LOTS, THUNDER BAY, ONTARIO.**

This property, comprising about 1,500 acres, was acquired from a prospecting syndicate which included Messrs. Campbell, Archibald and Hume, directors and officers of the Company at their cost of \$9,722.56. The Company's Consulting Geologist, Dr. Paul C. Gilmour, of Tucson, Arizona, examined the property and reported on it favourably. The structure is a mineralized andesite-rhyolite contact unit with a strike length of about 2½ miles. Random trace element studies near the centre of the claim group in a zone of good sulphide mineralization indicated base metal enrichments. Overburden is heavy in the area and geological studies are limited to a few widely spaced outcrop areas.

Subject to the necessary formal approval by the Management of Getty Mining Northeast, Limited ("Getty"), a subsidiary of Getty Oil Company of Los Angeles, it is anticipated that the Company and Getty will shortly enter into a joint venture agreement calling for an initial exploration budget of \$50,000, of which Getty will contribute 75% and New Insko 25%. Should results warrant, further exploration and development funds will be contributed on a 60/40 basis with Getty holding the majority interest. Exploration will be done by Getty in consultation with our Mr. Archibald. Detailed correspondence between Getty and New Insko confirms the foregoing outline and field work had already been commenced.

2. **ECSTALL MINING LTD. (TEXAS GULF SULPHUR COMPANY) JOINT VENTURE AUTHIER-MILLER PROPERTY, NORANDA-ROUYN, QUEBEC.**

A working option on this property, comprising about 1,800 acres, was acquired by the Company in December 1971 from two prospectors, Charles Authier and Ross Miller. The rock types are of volcanic origin and hold a series of strong airborne input E.M.

anomalies that were delineated on a Quebec Government aerial survey. This type of anomaly in a pyroclastic environment has proven to be an excellent indicator of sulphide mineralization at Uchi Lake, Sturgeon Lake, Timmins and elsewhere.

Representatives of Texas Gulf Sulphur Company ("Texas Gulf") are, with our permission but at their cost and using their personnel, in the process of carrying out ground geophysical surveys in order to enable Texas Gulf to reach a decision regarding the potential of the property and whether to enter into a joint venture agreement with the Company.

3. A MAJOR U.S. COMPANY, NEW INSCO AND SUNBURST EXPLORATION LTD. JOINT VENTURE, THE OLD QUESABE MINE PROPERTY - NORANDA - ROUYN, QUEBEC.

The Sunburst property comprises 610 acres and is located in Duprat Township about 9 miles west of Noranda-Rouyn. It was operated as a gold producer as the Quesabe Mine in the late 1940's and early 1950's and due to economic considerations ceased operations in 1953. Dr. R.A. Halet, in a report prior to closing the mine stated: "The ore-bearing zone appears to be getting longer and stronger with increasing depth."

A review of old drilling and mining records indicated the presence of copper and zinc mineralization in volcanic rocks west of the old mine shaft and underground works. For instance, D.D.H. #41 drilled in 1948, reports disseminated and stringer chalcopryite in a chloritized rhyolite breccia for over 400 feet. A continuous section in this hole measuring 35 feet gave an average grade of 0.66% copper, with short sections grading as high as 3%. A reinterpretation of all of the old drilling logs as well as a geochemical survey of the entire property completed late in 1971, indicates a broad zone of potential base metal mineralization about 3,000 feet west of the old shaft. This is the specific target area that will receive priority treatment in the exploration and development program.

A joint venture agreement is being negotiated, according to the terms of which the Company and a major U.S. mining company would as developers contribute \$25,000 towards a \$50,000 drilling program on the Sunburst property; full particulars will be disclosed to the shareholders as soon as they become available. Should results of this work so warrant, the developers may expend further funds up to an amount of \$250,000 on exploration and development over a 3-year period. If an ore body is discovered and the developers spend a total of \$300,000 (\$150,000 each) on exploration work, the developers and Sunburst Exploration Ltd. would, according to such joint venture agreement, share, directly or indirectly, in the property in the respective proportions of 25-1/2%, 25-1/2% and 49%. Under a management and marketing agreement the U.S. company would operate the mine and market the output. As to expenses it is anticipated that (1) each of the said parties would contribute 1/3 of the cost of bringing the mine into production and (2) should exploration and development costs exceed \$5,000,000, each party would be obliged to contribute pro-rata or face a dilution in its interest.

4. OTHER ACQUISITIONS

During 1971 management expended considerable time and effort examining properties and engaging in several sets of negotiations to acquire working arrangements on other interesting properties. While management is satisfied that your Company acquired the best of various properties available, it is the policy of the Company to approach future acquisitions utilizing the same standards and qualifications that make our present holdings attractive.

BASE METAL MARKETS - 1972 and BEYOND

The U.S. and Canada are, traditionally, large producers of base metals, both copper and zinc. Outside North America these metals are mined largely in underdeveloped nations - Chile, Peru, the Congo and Zambia, where political and financial stability have been some-

what less than certain. This instability will likely persist in the years ahead and supplies from the underdeveloped countries will no doubt continue to be erratic. In the face of constantly rising world wide demand on natural resources this supply factor alone should at least maintain a reasonable balance in production and consumption for many years.

A predicted economic revival in the economies of the U.S., Europe, and Canada in 1972 and beyond will place greater demand on supplies and we anticipate firm to higher prices for both copper and zinc over the foreseeable future. Recent rises in the price of copper and zinc may indicate that the upward trend has now started.

EXPLORATION PROGRAM OUTLINE

Our property at Lake Dufault as well as all of the other property acquisitions and interests cited above totalling 7,700 acres or 192 claims have geological characteristics that, in their general features, may be considered identical. That is to say all the properties have rocks of volcanic origin - tuffs and breccias; they all have sulphides associated with these pyroclastics; trace element studies indicate the presence of copper and zinc with heavy pyrite mineralization. In short, all the properties display geological environments that are capable of containing base metal ore deposits.

Our exploration program is following the relatively new concept of ore genesis, originally proposed by Dr. Gilmour in his paper titled "The Origin of the Massive Sulphide Mineralization in the Noranda District, Northwestern Quebec", Geol. Assoc. Canada, Vol. 16, published in 1965. It is now believed by many contemporary geologists that the class of base metal ore bodies we are seeking was formed in a submarine environment at the same time as the rocks that enclose it. We are concentrating our efforts on specific stratigraphic horizons exhibiting geological characteristics conducive to the formation of these volcanigenetic deposits.

Our Vice-President - Explorations, Mr. Archibald, is well qualified to direct our exploration program. Included in his broad exploration experience he was a member of the Falconbridge exploration team that discovered the Delbridge ore body following ideas and techniques being applied in our program.

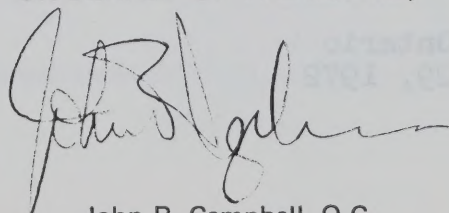
Much of our effort is being concentrated in the Noranda mining area on highly promising properties, because we believe this area offers us the best chances for success. Dr. Gilmour very aptly describes the services of this district in a report that reflects our feelings precisely in the following quotation: "Easy access, proximity to a smelter and a mine town providing a pool of skilled labour, a ready source of supplies and services, natural gas and electricity combine to produce near optimum conditions for exploiting and, consequently enhance the profit making potential of any discoveries which might be made."

CONCLUSIONS

We have, in a little over a year, assembled an organization capable of locating and acquiring properties with well above average exploration potential. The participation of the various companies with whom we expect to be associated in joint ventures says a great deal about the quality of our properties and our overall program.

Our drilling programs are underway and if we can combine an element of good fortune with our own expertise, hopefully we will soon reach our objective - the mining of ore deposits.

ON BEHALF OF THE BOARD,



John R. Campbell, Q.C.
President

AUDITORS' REPORT

To The Shareholders
New Insko Mines Ltd.
(No Personal Liability)

We have examined the balance sheet of New Insko Mines Ltd. (No Personal Liability) as at September 30, 1971 and the statements of deferred exploration, development and administrative expenses and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at September 30, 1971 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

(Sgd.) (RIDDELL, STEAD & CO.)

Toronto, Ontario
February 29, 1972

NEW INSCO MINES LTD.

(No Personal Liability)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1971

	<u>1971</u>	<u>1970</u>
SOURCE OF FUNDS		
Issue of capital stock	\$ 260,500	-
Option payments on mining properties	<u>-</u>	<u>14,219</u>
	260,500	14,219
APPLICATION OF FUNDS		
Deferred exploration, development and administrative expenses	68,458	5,584
Purchase of investments	34,067	-
Additions to buildings and equipment	<u>1,075</u>	<u>-</u>
	103,600	5,584
INCREASE IN WORKING CAPITAL	156,900	8,635
Working capital deficiency at beginning of year	(<u>8,327</u>)	(<u>16,962</u>)
WORKING CAPITAL (DEFICIENCY) AT END OF YEAR	<u>\$ 148,573</u>	<u>(8,327)</u>

YVANEX DEV.

FALCONBRIDGE
COPPER

FALCONBRIDGE
COPPER

FALCONBRIDGE
COPPER

YVANEX DEV.

KEEVIL

NORTH AMERICAN
GAZ

DUPRAT

FALCONBRIDGE
COPPER

WAITE
LAKE

FALCONBRIDGE

NOREX

FALCONBRIDGE
COPPER

WILCO
MI

WAITE DFAULT

NOREX OPTION

NOREX

FALCONBRIDGE
COPPER

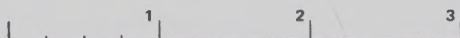
FALCONBRIDGE
COPPER

SUNBURST

(The Quebec Mine)
U.S. Mining Co. & New
Inco Joint Venture

NORANDA - ROUYN MINING DISTRICT
PROPERTY LOCATION MAP

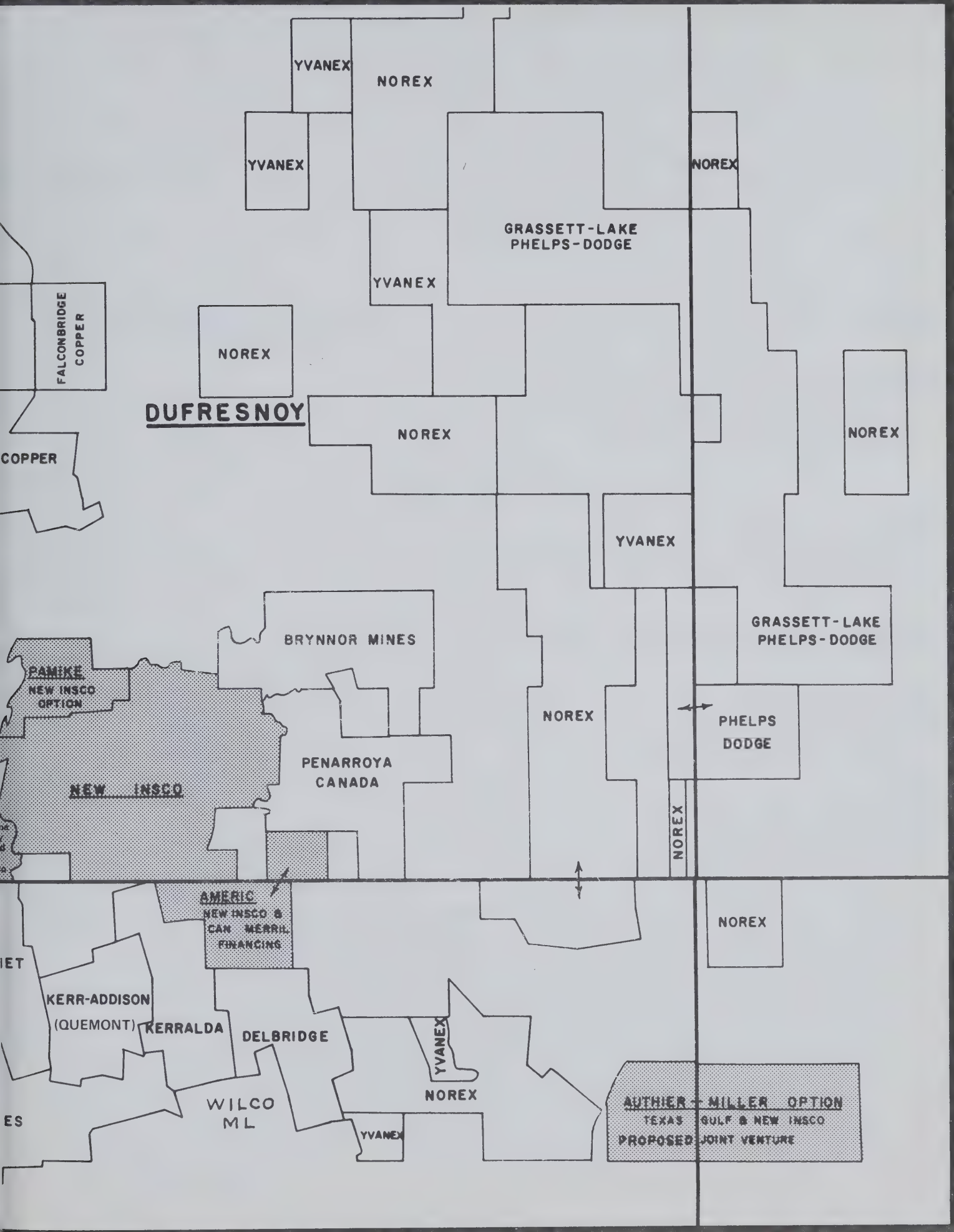
SCALE



MILES

TEXAS GULF

NORANDA



ASSETS	<u>1971</u>	<u>1970</u>
CURRENT ASSETS		
Cash	\$ <u>204,227</u>	<u>11</u>
INVESTMENTS		
160,000 shares of Americ Mines Ltd., at cost (quoted market \$32,000) (Note 1)	33,040 <u>1,028</u>	- <u>1</u>
Other investments, at cost	<u>34,068</u>	<u>1</u>
MINING PROPERTIES (Note 2)		
75 mining claims in Dufresnoy Township, Province of Quebec, at cost	<u>656,816</u>	<u>656,816</u>
DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENSES	<u>686,293</u>	<u>617,835</u>
OTHER ASSETS, at cost		
Building and equipment	3,880 <u>4,170</u>	2,805 <u>4,170</u>
Incorporation expense	<u>8,050</u>	<u>6,975</u>
	\$ <u>1,589,454</u>	<u>1,281,638</u>

INES LTD.

Liability)

SEPTEMBER 30, 1971

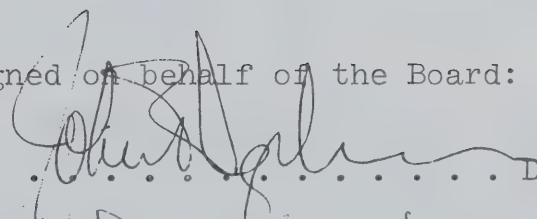
LIABILITIES

	<u>1971</u>	<u>1970</u>
CURRENT LIABILITIES		
Accounts payable and accrued	\$ 39,743	1,648
Advances from shareholder	<u>15,911</u>	<u>6,690</u>
	<u>55,654</u>	<u>8,338</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 3)		
Authorized		
7,500,000 shares, par value \$1 each		
Issued		
2,443,500 shares (1970 - 1,713,500)	2,443,500	1,713,500
Discount on shares	<u>909,700</u>	<u>440,200</u>
	1,533,800	1,273,300
	<u> </u>	<u> </u>
	\$ 1,589,454	1,281,638
	<u> </u>	<u> </u>

Signed on behalf of the Board:


..... Director.


..... Director.

NEW INSCO MINES LTD.

(No Personal Liability)

STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 1971

	<u>1971</u>	<u>1970</u>
Expended during the year		
Annual meeting expense	\$ 2,714	-
Consulting fees	7,477	1,399
General expense	5,023	251
Geochemical survey	2,620	-
Legal and audit	40,438	-
Licence and renewal fees	2,949	2,666
Transfer agent's fees	541	848
Travel	3,337	-
Stock exchange listing fee	1,000	-
Wages	<u>2,359</u>	<u>420</u>
	68,458	5,584
Less		
Option payments on mining properties	<u>-</u>	<u>14,219</u>
	68,458	(8,635)
Balance at beginning of year	<u>617,835</u>	<u>626,470</u>
BALANCE AT END OF YEAR	<u>\$ 686,293</u>	<u>617,835</u>

NEW INSCO MINES LTD.

(No Personal Liability)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 1971

1. INVESTMENTS

Subsequent to September 30, 1971 the company acquired an additional 160,000 shares of Americ Mines Ltd. at a cost of \$41,040.

The company as to 80% and Canadian Merill Limited as to 20% have been assigned options on an additional 400,000 shares of Americ at prices ranging from 35 cents to 75 cents per share exercisable during the period March 5, 1972 to July 5, 1972.

2. MINING PROPERTIES

- (a) By an exchange of letters in March 1971 between the company and the trustee of a bankrupt mining company, the company has agreed to purchase 7 mining claims in Dufresnoy Township in consideration of the issue of a 7 year non-interest bearing convertible debenture of the company in the amount of about \$105,000.

The company has agreed to (a) pay the costs estimated at \$3,000, to be incurred by the creditors in withdrawing the petition in bankruptcy, (b) keep the claims in good standing and (c) spend at least \$25,000 in exploration and development of the claims by December 31, 1974 or forfeit the claims unless the debenture has been paid off or converted.

The debenture may be converted into common shares of the company at the rate of \$2.00 of principal amount of debentures for each common share, if conversion takes place within two years, thereafter increasing in yearly increments to \$3.25 per share by July 1, 1978.

- (b) By an agreement dated July 22, 1971 the company acquired an option on 19 mining claims, now reduced to 13 claims, in Dufresnoy Township, Province of Quebec in consideration for spending \$5,000 on the property before December 1, 1971. To retain the option the company must spend an aggregate of \$12,500 by December 1, 1972, an aggregate of \$37,500 by December 1, 1973 and an aggregate of \$100,000 by December 1, 1974 at which time the option can be exercised by forming a new company to acquire the claims. The company will receive 75% of the vendor shares issued for the claims.

NEW INSCO MINES LTD.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 1971

2. MINING PROPERTIES (Continued)

- (c) By agreements dated December 15, 1971 the company acquired options on 47 mining claims in the Townships of Rouyn and Joannes, Province of Quebec at a cost of \$9,000. To retain the options the company must make the following payments:

\$ 4,000 on or before December 15, 1972
6,000 on or before December 15, 1973
84,000 on or before December 15, 1974

The option can be exercised by forming a new company to acquire the claims. The vendors will receive a royalty based on production from any mine developed on the property.

3. CAPITAL STOCK

- (a) During the year the company obtained supplementary letters patent increasing the authorized capital from 3,000,000 shares with a par value of \$1 each to 7,500,000 shares with a par value of \$1 each.

- (b) Issues of capital stock during the year were as follows:

100,000 shares valued at 10 cents per share in
satisfaction of advances made by certain
shareholders
5,000 shares valued at 10 cents per share for
cash
625,000 shares valued at 40 cents per share for
cash.

730,000

Subsequent to September 30, 1971, 375,000 shares valued at 40 cents per share were issued for cash and 18,666 shares were issued in exchange for 933,300 shares of the mining company referred to in Note 2(a). An additional 12,336 shares are reserved for issue in exchange for the balance of the share of the mining company referred to in Note 2(a).

NEW INSCO MINES LTD.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 1971

3. CAPITAL STOCK (Continued)

- (c) By agreement dated July 22, 1971 a broker - dealer agreed to act as agent for the company in an offering, on a best efforts basis, of 1,000,000 shares of the company at 40 cents per share and an additional 500,000 shares at $67\frac{1}{2}$ cents per share net to the company. The 1,000,000 shares were issued as described in (b) above. The 500,000 shares can be offered up to August 31, 1972.

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Toronto 18, Ontario.



NEW
INSCO MINES LTD.
(NO PERSONAL LIABILITY)

File

MINE OFFICE:
NORANDA, QUE.

PLEASE ADDRESS ALL
COMMUNICATIONS TO

Suite 1200, 8 King Street E.,
Toronto 210, Ontario.

July 15th, 1971

TO THE SHAREHOLDERS:

Accompanying this letter is a Notice calling a Special General Meeting of Shareholders for July 27, 1971 and Proxy Statement and Information Circular with respect to the matters which will come before the meeting.

You will be asked to consider and/or authorize:-

- * Arrangements to increase substantially the Company's holdings and interests in the Lake Dufault area of the Noranda-Rouyn mining camp.
- * The immediate offering of up to 1,000,000 additional shares to net the Company a maximum of \$400,000.
- * The expansion of the Board of Directors; the election of six new Directors, among them men who are prominent in business, finance and mining; and the appointment of an Executive Committee to run the Company's affairs on the now necessary day-to-day basis.
- * Application for listing the Company's shares on the Canadian Stock Exchange.

As you know, management control of the Company changed late in 1970. At that time, the Company held development licences on 75 contiguous claims totalling 3,234 acres at Lake Dufault in Dufresnoy Township in the Noranda mining district of Quebec.

Working arrangements have now been negotiated with the owners of three additional properties adjacent to the existing holdings. The exploration program which we are now proposing will cover a total of 5,290 acres of prime ground and, at the same time, will provide boundary protection on some of our original claims.

The appointment of consulting geologist, George F. Archibald, M.Sc., of Toronto, as Vice-President, Explorations, his subsequent re-appraisal of drilling records, his examinations of core and the succession of rich mineral discoveries in the area, together brought about Management's decisions to plan an extensive exploration program and to acquire adjoining properties.

Dr. Paul C. Gilmour, of Tucson, Arizona, is now acting as geological consultant to the Company.

(over)

Work on sampling and testing of earlier drilling programs is continuing throughout the summer in anticipation of a new drilling program to be started later this summer and to be continued during the winter months. We also intend to seek more properties with geological characteristics of the type suitable for the volcanic genetic theory of exploration.

Three other mining companies are involved in the proposed arrangements, which are detailed in the Proxy Statement and Information Circular. In particular, the agreement with Americ Mines Ltd. provides for use of part of the proceeds of the proposed sale of shares by the Company to buy treasury shares of Americ. It further provides for the management by us of the exploration program. The Company has an option to acquire further Treasury shares of Americ. This option will probably be exercised if the results of the immediate exploration program are encouraging. At the Shareholders' Meeting you will be asked to approve of the commitment of Company funds for the Americ transaction and others, and to approve by-laws permitting the sale of treasury shares at less than par value.

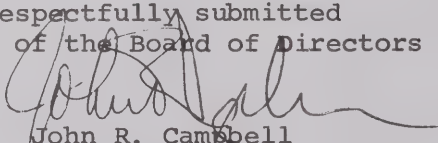
To finance the work program, the Company has reached an agreement with W. D. Latimer Co. Limited of Toronto to offer in Canada only on a best efforts basis 1,000,000 treasury shares at a price of not less than 40¢ per share net to the Company. The Company proposes to apply for listing of all outstanding shares on the Canadian Stock Exchange. Following successful completion of the initial offering, Latimer may make a further best efforts offering of 500,000 treasury shares at a price of not less than 67½¢ per share net to the Company. It should be noted that the Company's Charter and By-laws do not provide for pre-emptive rights to existing shareholders.

In connection with the distribution of the 1,000,000 shares noted above, the Company proposes to file a prospectus with both the Quebec Securities Commission and the Ontario Securities Commission. No offer or sale of shares is being made in the U.S.A. or to citizens or residents of the U.S.A. This letter and the enclosed Proxy Statement and Information Circular are being sent to existing shareholders resident in the U.S.A. for information purposes only. Arrangements will be made with W. D. Latimer Co. Limited not to accept orders for shares from U.S. residents or from those where there is reason to believe they are U.S. residents.

The names and affiliations of the proposed six new directors are contained in the attached Information Circular.

Your directors look forward to starting the practical program of exploration as mapped out by Mr. Archibald. It will begin as soon as the business arising out of the Meeting has been concluded and the necessary working capital has been raised.

Respectfully submitted
on behalf of the Board of Directors


John R. Campbell
President

NEW
INSCO MINES LTD.
(No Personal Liability)

**NOTICE OF
SPECIAL GENERAL MEETING OF SHAREHOLDERS**

To the Shareholder:

Notice is hereby given that a Special General Meeting of Shareholders of New Insko Mines Ltd. (No Personal Liability) (hereinafter called the "Company") will be held at the Windsor Hotel, in the city of Montreal, Quebec, at the hour of 2:30 o'clock in the afternoon (Eastern Daylight Saving Time) on Tuesday, the 27th day of July, 1971 for the purpose of considering and taking such action as the shareholders may deem advisable upon and with respect to the following matters:

1. To consider and, if deemed advisable, ratify and approve subject to such amendments, changes or additions, if any, as may be proposed at the Meeting, By-law No 57 of the By-laws of the Company as enacted by the Directors of the Company at their meeting held in Toronto, Ontario on the 12th day of July, 1971, authorizing the sale of shares in the Company at a discount not to exceed ninety per cent (90%) of the par value thereof. The text of the said By-law is set out in the information Circular.
2. To consider and, if deemed advisable, ratify and approve subject to such amendments, changes or additions if any, as may be proposed at the meeting, By-law No. 58 of the By-laws of the Company as enacted by the Directors of the Company at their meeting held in Toronto, Ontario, on the 12th day of July, 1971, authorizing an increase in the number of Directors of the Company from the present 5 to 11 members. The text of the said By-law is set out in the Information Circular.
3. Subject to ratification and approval of By-law No. 58 to elect the six (6) new Directors described in the Information Circular.
4. To consider and, if deemed advisable, ratify and approve subject to such amendments, changes or additions, if any, as may be proposed at the Meeting, By-law No. 59 of the By-laws of the Company as enacted by the Directors of the Company at their meeting held in Toronto, Ontario, on the 12th day of July, 1971, authorizing the formation of an Executive Committee, consisting of five (5) Directors. The text of the said By-law is set out in the Information Circular.
5. To consider and, if deemed advisable, ratify and approve subject to such amendments, changes, or additions if any, as may be proposed at the meeting, By-law No. 60 of the By-laws of the Company as enacted by the Directors of the Company at their meeting held in Toronto, Ontario, on the 12th day of July, 1971 authorizing the company to purchase stock and other securities in other companies. The text of the said By-law is set out in the Information Circular. The Shareholders are asked to approve the recommendations of the Directors as to two working options on adjoining properties, and the investment of Company funds in the purchase of shares of Americ Mines Ltd. for an exploration program on that company's adjoining property which program will be managed by New Insko Mines Ltd.
6. To consider a report of the Directors in respect of a financing proposal by the sale of treasury shares, the details of which are set out in the Information Circular.

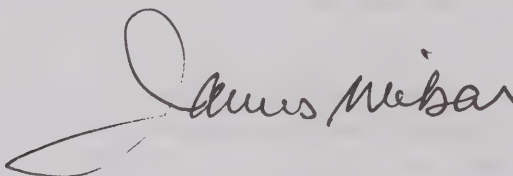
7. To authorize the Directors to file a prospectus covering the financing proposal with Quebec Securities Commission and the Ontario Securities Commission in order to qualify the Company's shares for trading in Quebec and Ontario; and following the completion of the financing plan to authorize the Directors to apply to the Canadian Stock Exchange for the listing of the Company's shares.

8. To transact such other business as may come before the meeting.

A proxy Statement and Information Circular and an Instrument of Proxy accompany this Notice. Shareholders who are unable to attend the Meeting in person are requested to read and consider the contents of the enclosed Proxy Statement and Information Circular and thereafter sign the enclosed form of Instrument of Proxy, returning it to the Company in the envelope provided for that purpose. Instruments of Proxy must be deposited with Canada Permanent Trust Company, 600 Dorchester Boulevard, West, Montreal 101, Quebec, not less than twenty-four hours before the time for the holding of the meeting in default of which the Instrument of Proxy shall not be treated as valid.

Dated at Toronto, this 14th day of July, 1971

BY ORDER OF THE BOARD

A handwritten signature in dark ink, appearing to read "James M. Bar". The signature is fluid and cursive, with a large loop at the beginning and a long, sweeping underline.

Secretary

**NEW
INSCO MINES LTD.
(No Personal Liability)**

PROXY STATEMENT AND INFORMATION CIRCULAR

GENERAL INFORMATION

This Proxy Statement and Information Circular is furnished in connection with the solicitation of Proxies for the Special General Meeting of Shareholders of New Insko Mines Ltd. (No Personal Liability) (hereinafter called "the Company") to be held on the 27th day of July, 1971 at 2:30 o'clock in the afternoon, (local time) at the Windsor Hotel, Montreal, Quebec, and any adjournment thereof. Notice of the Special General Meeting and the Instrument of Proxy for use at such Meeting are enclosed herewith.

A Shareholder has the right to appoint a person other than the persons named in the enclosed form of proxy to attend and act for him and on his behalf at the meeting. If the Shareholder does not wish to appoint any of the persons named in the Instrument of Proxy, he should strike out their names and insert in the blank space provided the name of the person he wishes to act as his proxy. Such other person need not be a member of the Company.

REVOCABILITY OF PROXY

A Shareholder who has given a proxy may revoke it either (a) by signing a proxy bearing a later date and depositing it with the Canada Permanent Trust Company at 600 Dorchester Boulevard, Montreal 101, Quebec, not less than twenty-four hours before the time for the holding of the Special General Meeting, or (b) as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by signing and dating a written notice of such revocation (in the same manner as the instrument of proxy is required to be executed), and either depositing the same at the address and within the time aforesaid or with the Chairman of the Meeting on the day of the Meeting or on the day of any adjournment thereof, or (c) by attending the Meeting or any adjournment thereof in person and registering with the Scrutineer thereat as a Shareholder present in person, whereupon such proxy shall be deemed to have been revoked, but only as to matters which have not been dealt with at the Meeting.

SOLICITATION OF PROXIES

This Proxy Statement and Information Circular is furnished in connection with the solicitation by the Management of the Company of the proxies to be used at the Special General Meeting of Shareholders of the Company to be held at the time and place and for the purpose set forth in the accompanying Notice of Meeting. The solicitation is being made by mail and may also be made personally by telephone and by telegraph, by Directors, Officers and regular employees of the Company who will not be additionally compensated therefor. The total cost of this solicitation will be borne by the Company. The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the Shareholder appointing them as set forth in the form of proxy. In the absence of such direction, it is intended that such shares will be voted FOR the Resolutions referred to in the Notice of Meeting. If any amendments or variations to matters identified in the Notice of Meeting are proposed at the Meeting or if any other matters properly come before the Meeting the enclosed form of proxy confers discretionary authority upon the persons named therein to vote on such amendments or variations or such other matters. At the date of this Proxy Statement and Information Circular, the management of the Company knows of no such amendment, variation or other matter to come before the Meeting, other than the matters referred to in the Notice of Meeting.

PROVISIONS RELATING TO VOTING

Shareholders of record at the time of the holding of the Meeting will be entitled to one vote for each share held. The Company has outstanding 1,818,500 shares of its capital stock. A proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is exercised.

PARTICULARS OF MATTERS TO BE ACTED UPON

SALE OF SHARES OF THE COMPANY AT A DISCOUNT

The Minister of Financial Institutions, Companies and Co-operatives (Quebec) has on April 16th, 1971 approved a Petition presented on behalf of the Company for an increase in the share capital of the Company from Three Million (3,000,000) shares of the par value of One Dollar (\$1.) each to Seven Million Five Hundred Thousand (7,500,000) shares of the par value of One Dollar (\$1.) each, the whole in a manner consistent with the approval given by the shareholders to By-Law 53 of the Company at the Combined Special and Annual General Meeting of Shareholders held at Montreal, March 9th, 1971.

An agreement has been reached with W. D. Latimer Co. Limited settling a financing proposal to raise working capital for the Company. In order to enable the Company to offer shares to the public at a proper market price the Directors, at their meeting held in Toronto on the 12th day of July, 1971 enacted By-Law No. 57, the text whereof is as follows:

"BY-LAW NO. 57

BE IT ENACTED AND IT IS HEREBY ENACTED AS BY-LAW NO. 57 OF NEW INSCO MINES LTD. (No Personal Liability) (herein called the "Company"):

THAT the Directors be and they are hereby authorized from time to time to issue by resolution, upon such terms and conditions as they deem advantageous, any of the common shares having a par value of One Dollar (\$1) each of the capital stock of the Company, at any premium above their par value or at any discount not exceeding ninety per cent (90%) of their par value, so that the issue price of each such share shall not be less than, but may be more than Ten Cents (10¢):

The Directors recommend that the aforesaid By-Law No. 57 be approved by the Shareholders.

BY-LAW VARYING THE NUMBER OF DIRECTORS AND FIXING QUORUM

The Directors deem it advisable to increase the Board of Directors from five to eleven members in order to invite certain executives with broad business experience to be represented on the Board. The experience and skills of the new Directors being proposed will considerably enhance the Company's programs. At a meeting of the Board of Directors held on 12th July, 1971, the following by-law was enacted:

" BY -LAW NO. 58

BE IT ENACTED AND IT IS HEREBY ENACTED AS A BY-LAW OF NEW INSCO MINES LTD. (hereinafter called the "Company") as follows:

1. The number of Directors of the Company be eleven and the same is hereby increased from five to eleven so that the board of directors of the Company shall hereafter be composed of eleven directors.
2. A majority of the directors shall constitute a quorum at any meeting of the board of directors.
3. All prior by-laws, resolutions and proceedings of the Company inconsistent herewith are hereby amended, modified and revised in order to give effect to this by-law."

The Directors recommend that the aforesaid By-Law No. 58 be approved by the Shareholders.

ELECTION OF SIX (6) NEW DIRECTORS

Subject to ratification and approval of By-Law No. 58, increasing the board of directors from five to eleven members, the following nominations will be submitted for election by the Shareholders at the Special General Meeting.

Name and Address	Present Principal Occupation	Approximate No. of Shs. beneficially owned directly or indirectly
1. Goodwin Gibson, 19 Rosedale Road Toronto, Ontario	President, Clarkwin Limited, 100 University Ave., Toronto, Ontario	1,000
2. Pierre G. Lacombe, B.A., B. Eng. 160 Prevert Street, Beloeil, Quebec.	Senior Partner, P.G. Lacombe & Associates, Consulting Engineers, 544 Copping Street, Otterburn Park, Quebec.	1,000
3. David S. Owen, B.A., L.L.B. 40 North Sherbourne St., Toronto, Ontario	President, Warrick Consultants Limited, 110 Yonge Street, Toronto, Ontario.	1,000
4. Joseph M. Pigott, Jr., D.S.O. 16 Ravenscliffe Street, Hamilton, Ontario	Vice-President & Director, Pigott Construction Co. Ltd., Hamilton, Ontario	1,000
5. Herman A. Schaefer, 700 Anderson Hill Road, Purchase, New York.	Executive Vice-President Finance and Administration, PepsiCo, Inc., Purchase, New York.	128,421
6. Elliot N. Yarmon, 91 Laurentide Drive, Don Mills, Ontario.	President, Tankoos Yarmon Limited, Toronto, Ontario.	1,000

BY-LAW AUTHORIZING ELECTION OF AN EXECUTIVE COMMITTEE

The Directors deem it advisable in the interest of efficiency to delegate powers of the board of directors to an Executive Committee.

The Executive Committee will be composed of those directors who are in a position to devote the most time to the Company and the committee will be charged with specific powers within which it may act.

At a meeting of the board of directors held on the 12th of July, 1971, By-law No. 59 was enacted the text whereof is as follows:

"BY-LAW NO. 59

BE IT AND THE SAME ENACTED AS A BY-LAW OF NEW INSCO MINES LTD. as follows:

1. The Board of Directors may elect from among its members an executive committee composed of five directors who shall continue to be members of such committee so long as they shall remain directors of the Company or until replaced by a subsequent election.
2. Election of members to the executive committee shall take place annually at the directors' meeting immediately following the annual general meeting of shareholders. All members of the executive committee shall tender their resignation at such meeting but shall be eligible for re-election.
3. Vacancies that may occur in the executive committee due to death of its members or their ceasing to qualify as directors or for any other reason shall be filled without delay by the board of directors at a special meeting called for the purpose.

4. Meetings of the executive committee may be held without written notice at such time and place, as may be determined by the President or Managing Director upon whose call the committee shall assemble.

5. Meetings of the executive shall be presided over by the President of the Company or in his absence the Managing Director. Should neither of the last named officers be present or should they refuse to act the members present shall choose one of their number to act as chairman of the meeting.

6. The quorum necessary to constitute a valid meeting of the executive committee shall be three.

7. Subject to any restrictions imposed by the board of directors the executive committee, between meetings of the board, shall possess and may exercise all the powers of the board of directors in the management of the affairs of the Company excepting those acts which by law must be performed by the directors themselves. The executive committee shall, subject to the above restrictions, have authority and power to give effect to its decisions in such manner as they shall consider to be in the best interests of the Company. All acts of the committee shall be reported to the board of directors at its next meeting and shall be subject to revisions, alteration or rescission by the directors provided the rights or acts of third parties are not prejudicially affected or invalidated thereby.

8. The members of the executive committee may receive such remuneration for their services as may be determined by resolution of the board of directors."

The Directors recommend that the aforesaid By-law No. 59 be approved by the Shareholders

BY-LAW FOR PURCHASE OF STOCK IN OTHER COMPANIES

In accord with the Company's intention to enter into a share purchase arrangement with Americ Mines Ltd., the details of which are set out elsewhere, your Directors deem it expedient to include a general authorization to purchase securities of other companies in the general by-laws of the Company. The Directors at their Meeting in Toronto July 12, 1971, enacted By-law No. 60, the text whereof is as follows:

"BY-LAW NO. 60

BE IT ENACTED AND IT IS HEREBY ENACTED AS A BY-LAW OF NEW INSCO MINES LTD. (No. Personal Liability) that the Company may from time to time purchase, lease or otherwise acquire, alienate, sell, exchange, or otherwise dispose of stocks, rights, warrants, options, bonds, debentures, debenture stocks, and other securities, lands buildings and other property, moveable and immovable, real or personal, or any right or interest therein owned by the Company for such consideration and upon such term and conditions as they may deem advisable".

The Directors recommend that the aforesaid By-law No. 60 be approved by the Shareholders.

PROPERTY OPTIONS AND ARRANGEMENTS

Since your Directors are proposing a major exploration effort centred on the Company's Noranda Area property, it is necessary to conclude working options and other interests in adjoining properties. In every instance summarized hereunder, the property involved has specific characteristics that could be significant to our exploration effort.

1. Larandona Mines Limited ("Larandona")

Larandona was petitioned into Bankruptcy by creditors on January 27, 1971. A proposal was made by the Company to the Trustee of the Bankrupt Estate which was accepted. The principal asset of Larandona was their mining property in Dufresnoy Township adjoining the Company's property on its south-west boundary. The property comprises 7 mining claims totalling 280 acres, and has rock types similar to our own. The arrangement concluded with the Trustee is summarized hereunder:

- (a) The Creditors of Larandona would agree to withdraw the petition in bankruptcy and apply to the courts for a rescission of the receiving orders. The cost of such action estimated at \$3,000 is to be borne by the Company.
- (b) The Company will purchase the 7 mining claims in consideration of the issue to Larandona of a 7-year non-interest bearing Convertible Debenture of the Company in the amount of about \$105,000. The only security for this Debenture will be the Larandona property.
- (c) The Company will maintain the Larandona property in good standing and may expend funds for exploration. If the Company has not expended at least \$25,000 on exploration and development of the Larandona property by December 31, 1974, the property becomes forfeit and is to be returned to the creditors of Larandona unless the Debenture has been paid off or converted.
- (d) The Debenture May be converted by the holders thereof into common shares of the Company at the rate of \$2.00 of principal amount of Debentures for each common share of the Company, if conversion takes place within two years from the date of issue of the Debentures, thereafter rising in yearly increments to \$3.25 per share by July 1, 1978.
- (e) A share exchange will be proposed to the common shareholders of Larandona whereby 1 share of the Company will be issued in exchange for 50 shares of Larandona. Should this offer be accepted by a sufficient number of the shareholders, Larandona could then be wound up.

2. Pamike Mines Ltd. ("Pamike")

This property consists of 20 claims comprising about 800 acres, which adjoins the Company on its north boundary. The main features of this working option are as follows:

- (a) The term of the option will be 3½ years.
- (b) The Company will commit to spend at least \$5,000 on exploration and development on the property on or before December 1, 1971.
- (c) By December 1, 1972, at the Company's option a further sum of \$7,500 must be expended to maintain the option.
- (d) By December 1, 1973, a further sum of at least \$25,000 must be expended to maintain the option.
- (e) If the Company has, at anytime prior to December 1, 1974, expended at least \$100,000 on exploration and development, the Company will be entitled to receive a 75% interest in the property; Pamike will retain a 25% pre-emptive right to participate in any further financing to bring the property into production should a minable deposit be located.

3. Americ Mines Ltd. ("Americ")

Americ is a Quebec company, listed on the Canadian Stock Exchange and holds working options on the Donrand and Don-X properties, comprising about 1016 acres lying south and east of the Company's property and adjoining the north boundary of the producing property of Delbridge Mines Ltd. The Option Agreement between Americ and Donrand Mines Ltd. provides that Americ will be entitled to a 90% interest in the property upon completion of \$50,000 in exploration work. This commitment has been met by Americ and a new Company has been incorporated to hold the property on behalf of Americ as to 90% and Donrand as to 10%. The Option Agreement between Americ and Don-X Mines Ltd. provides for ownership of that property as to

80% by Americ and 20% by Don-X, upon expenditure by Americ of \$50,000 in exploration costs. To date Americ has spent about \$38,000 on exploration on the Don-X property. Studies of rock structures and types on this property disclose striking similarities to the geology of the Company's Noranda Property. There has been extensive exploration by others and by Americ on this property through the years. However, results of the exploration effort by Americ were beginning to show favourable indications early this year, when that company's funds were becoming exhausted. Because of these positive indications and the possibility of obtaining valuable information bearing on the Company's program, a participation in the Americ property is considered vital.

Exploration on the Americ property has been under the direction of George F. Archibald, M.Sc., acting as an independent consultant. Mr. Archibald believes a further drilling program costing about \$90,000 is warranted. The Company has agreed to contribute 80% of this cost, the balance to be provided by Merrill Island Mining Corp. Ltd. The program contemplated would be managed by the Company under a contractual arrangement with Americ and Mr. Archibald would have full direction of the exploration program.

As of July 12th, 1971; Americ had outstanding 2,183,505 out of a total capitalization of 5,000,000. shares. By an underwriting option agreement dated December 10, 1970 (in this paragraph 3 called the "Agreement") Grant Johnston Limited of Montreal as underwriter-optionee purchased 400,000 shares of Americ and received options on a further 800,000 shares, which options Grant Johnston Limited declined to exercise. The Agreement, however, is in good standing until August 5, 1971 and will be extended by the Quebec Securities Commission, subject to such terms and conditions as it will require for the purposes of compliance with Commission rules and regulations.

The Agreement is, in addition, to be supplemented by a separate agreement whereby the Company will undertake, vis-a-vis Americ, to ensure that the first two (2) options hereinafter referred to will be exercised in such a manner as to provide consistency with the proposed 80% contribution by the Company towards the Americ drilling program mentioned above. Details of the present options are as follows:

Number of Optioned Shares	Price per Share	Time within which option exercisable calculated from Effective Date
1. 200,000 Shares	\$0.20	3 months
2. 200,000 Shares	\$0.25	6 months
3. 100,000 Shares	\$0.35	8 months
4. 100,000 Shares	\$0.50	10 months
5. 200,000 Shares	\$0.75	12 months

It is a condition of the Agreement that the underwriter-optionee will exercise options should the price of the shares reach the following limits:

- (a) Two hundred per cent (200%) of the option price when such option price is Fifty Cents (\$0.50) a share or under, and
- (b) One hundred and seventy-five per cent (175%) of the option price when such option price is above Fifty Cents (\$0.50) a share and under One Dollar (\$1.00) a share.

The Company, Americ and Merrill Island Mining Corp. Ltd. have agreed to the following financial terms:

- (a) Options 1 and 2 will be exercised to provide \$90,000 for working capital for Americ.
- (b) The Company will provide 80% of the funds or \$72,000 and will receive 320,000 shares of Americ.
- (c) Merrill Island Mining will provide 20% of the funds and will receive 80,000 shares of Americ.

- (d) The Company will enter into a management contract with Americ, one of the terms of which will require George F. Archibald, M.Sc., to direct the exploration program.

FINANCING

An agreement has been reached with W. D. Latimer Co. Limited whereby the latter company will offer to the public, on the best efforts basis, 1,000,000 common shares of the Company at a price to yield the Company not less than 40¢ per share. Following successful completion of the sale of the said 1,000,000 shares it is proposed that a further best efforts offering of 500,000 shares will be made at a price to yield the Company not less than 67½¢ per share. Should the two share offerings succeed in their entirety, working capital in the amount of at least \$737,500 will have to be raised for the Company.

The Directors and Senior Officers of the Company have no present knowledge that any business other than that referred to above will be presented at the Meeting. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the Instrument of Proxy to vote such proxies in accordance with their judgment on such matters

The shares of New Insko Mines Ltd. (No Personal Liability) are not registered under the Securities Act of 1933 of the United States of America or any of the territories or possessions thereof. This Proxy Statement and Information Circular is provided to U.S. residents who are registered shareholders of the Company for information purposes only. No offer or sale of shares is being made in the U.S.A. or to citizens or residents of the U.S.A. Arrangements have been made with W.D. Latimer Company Ltd. not to accept orders for stock from persons when there is reason to believe they are United States residents.

DATED at Toronto, this 14th
day of July, 1971.

NEW
INSCO MINES LTD.
(No Personal Liability)

PROXY STATEMENT AND INFORMATION CIRCULAR

GENERAL INFORMATION

This Proxy Statement and Information Circular is furnished in connection with the solicitation of Proxies for the Combined Special and Annual General Meeting of Shareholders (herein sometimes called the "Meeting") of New Insko Mines Ltd. (No Personal Liability) (hereinafter called the "Company") to be held on the 9th day of March 1971 at 11:00 o'clock in the forenoon, (local time) at the Windsor Hotel, Montreal, Quebec, and any adjournment thereof. Notice of the Meeting and Instrument of Proxy for use thereat are enclosed herewith.

A Shareholder has the right to appoint a person other than the persons named in the enclosed form of proxy to attend and act for him and on his behalf at the meeting. If the Shareholder does not wish to appoint any of the persons named in the Instrument of Proxy, he should strike out their names and insert in the blank space provided the name of the person he wishes to act as his proxy. It is to be remembered, however, that in order for such a person to act as proxy he must be entitled on his own behalf to be present and vote at the meeting at which he acts as proxy, or have been appointed to act at the meeting as proxy for a corporation.

A Shareholder who has given a proxy may revoke it either (a) by signing a proxy bearing a later date and depositing it with Canada Permanent Trust Company, 600 Dorchester Boulevard, Montreal 101, Quebec, not less than twenty-four hours before the time for holding of the Meeting, or (b) as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by signing and dating a written notice of such revocation (in the same manner as the instrument of proxy is required to be executed), and either depositing the same at the address and within the time aforesaid or with the Chairman of the Meeting on the day of the Meeting or on the day of any adjournment thereof, or (c) by attending the Meeting or any adjournment thereof in person and registering with the Scrutineer thereat as a Shareholder present in person, whereupon such proxy shall be deemed to have been revoked, but only as to matters which have not been dealt with at the Meeting.

This Proxy Statement and Information Circular is furnished in connection with the solicitation by the Management of the Company of proxies to be used at the Meeting to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting. The solicitation is being made by mail and may also be made personally by telephone and by telegraph, by Directors, Officers and regular employees of the Company who will not be additionally compensated therefor. The total cost of this solicitation will be borne by the Company. The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the Shareholder appointing them as set forth in the form of proxy. In the absence of such direction, it is intended that such shares will be voted FOR the Resolutions referred to in the Notice of Meeting. If any amendments or variations to matters identified in the Notice of Meeting are proposed at the Meeting or if any other matters properly come before the Meeting the enclosed form of proxy confers discretionary authority upon the persons named therein to vote on such amendments or variations or such other matters. At the date of this Proxy Statement and Information Circular, the management of the Company knows of no such amendment, variation or other matter to come before the Meeting, other than the matters referred to in the Notice of Meeting.

PROVISIONS RELATING TO VOTING

Shareholders of record at the time of the holding of the Meeting will be entitled to one vote for each share held. The Company has outstanding One Million Seven Hundred and Thirteen Thousand and Five hundred (1,713,500) shares of its capital stock. A proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is exercised.

PARTICULARS OF MATTERS TO BE ACTED UPON

FINANCIAL STATEMENTS

Financial Statements for the fiscal period ending September 30th, 1970 and the preceding Three (3) years are incorporated in the Annual Report. With respect to the approval of the report of the Directors and the Financial Statements mentioned, the proxy will be voted in favour of approval.

ELECTION OF DIRECTORS

At the Meeting a Board of five Directors is to be elected, to hold office until the next Annual Meeting of Shareholders or until their successors are elected, and it is the intention of the persons named in the enclosed form of proxy to vote such proxy for the election of the following persons, being the present Directors of the Company, all of whom are standing for re-election.

The Management does not contemplate that any nominee will be unable to serve as a Director for any reason, but should this be the case the persons named in the accompanying form of proxy reserve the right to vote for another person of their choice in his place and stead.

The names of the present Directors (all of whose terms of office expire at the Annual Meeting and who are nominees for re-election as Directors), their position with the Company, their principal occupation during the past five years, the year in which they each became a Director of the Company and the approximate number of shares of the Company beneficially owned by them, directly or indirectly, as of the 30th day of September 1970, are as follows:

Name	Position with Company	Principal Occupation during past 5 years	Director since	No. of Shares beneficially held
John R. Campbell	President	Lawyer	Oct.16,1970	124,376
H. Douglas Hume	Managing Director	Executive	Nov.23,1970	124,376
George F. Archibald	Vice President Explorations	Geologist	Nov.23,1970	124,376
D.D.Thomson	Director	Executive	Dec.11,1952	75,000
Robert W.V.Purves	Director	Executive	Feb.16,1971	1 share

REMUNERATION OF MANAGEMENT

The aggregate direct remuneration paid or payable by the Company to the Directors and Senior Officers of the Company as a group during the Company's last complete year was -nil.

APPOINTMENT OF AUDITORS

It is intended to vote the proxies hereby solicited to appoint Messrs. Riddell, Stead & Co., Chartered Accountants as Auditors of the Company to hold office until the next Annual Meeting of Shareholders.

PAYMENT OF THE COMPANY'S DEBT BY ISSUE OF TREASURY SHARES

Certain Shareholders have advanced cash to the Company for the aggregate sum of Ten Thousand Dollars (\$10,000) for general corporate purposes including payment of mining taxes to maintain the Company's properties in good standing. At a meeting of the Board of Directors on December 14th, 1970, the Board recommended the issue of One Hundred Thousand (100,000) shares of Treasury Stock at Ten Cents (10¢) per share in full payment of the debt of Ten Thousand Dollars (\$10,000). The Directors noted below declared a direct or indirect interest in the said One Hundred Thousand (100,000) shares as follows:

John R. Campbell	- 16,725
George F. Archibald	- 16,725
H. Douglas Hume	- 35,825

Shares of the Company on the day of the said Directors' Meeting were bid in the open market at Nine Cents (9¢). Because of the interest of the Directors noted above the Shareholders are being asked to approve and confirm the transaction.

ACQUISITION OF ADDITIONAL PROPERTIES FOR EXPLORATION AND DEVELOPMENT

Several known mining districts in North America contain rock structures and types similar to those in the Noranda-Rouyn area. These formations, which possess characteristics conducive to the formation of massive sulphide deposits of the 'Noranda-Waite-Dufault' type, are under study by the Company. In order to take advantage of the special knowledge and experience of Mr. Archibald, the Company will continue this special study of properties of this type with a view to acquisition or joint venture exploration agreements. If studies now in progress have advanced to a stage where acquisitions may be recommended, full disclosure will be made at the combined Special and Annual General Meeting. One or more of the Directors have personal interests in properties which may meet the Company's requirements. Should your Board decide to recommend any acquisition of property in which Officers or Directors of the Company have an interest, appropriate approvals and consents in accordance with all relevant securities and corporate legislation will be obtained prior to the Company making any commitment in this regard.

UNDERWRITING AND OPTION AGREEMENT

Negotiations with private investors and mining interests are now in progress with the intention of settling an underwriting and option agreement to raise funds for working capital for the Company. At this date the Directors have no firm proposals to submit to the meeting; however developments, if any, will be disclosed at the meeting.

AUTHORIZING AN APPLICATION FOR SUPPLEMENTARY LETTERS PATENT TO INCREASE THE CAPITAL OF THE COMPANY AND THE SALE OF SHARES OF THE COMPANY AT A DISCOUNT

The Directors and Officers of the Company consider that the Authorized Capital of the Company is presently inappropriate for the most effective advancement of the Company and deem it

advisable that the Authorized Capital be increased so that an adequate number of treasury shares will be available to carry on the general business of the Company and for future acquisitions. At the present time, the Directors and Senior Officers of the Company are studying such acquisitions. At the Combined Special and Annual General Meeting the following By-laws passed by the Directors of the Company at a meeting held on the 16th day of February, 1971 will be presented to the Shareholders for ratification, confirmation and approval.

BY-LAW NO. 53

being a By-law increasing the capital of the Company and authorizing a petition for supplementary letters patent.

WHEREAS the authorized capital of the Company consists of Three Million Dollars (\$3,000,000) divided into Three Million (3,000,000) shares of the par value of One Dollar (\$1) each, of which One Million Seven Hundred and Thirteen Thousand Five Hundred (1,713,500) shares have been issued and allotted and are outstanding as fully paid; and

WHEREAS it is deemed necessary and expedient in the interest of the Company that the capital of the Company be increased as herein provided;

NOW, THEREFORE, BE IT ENACTED AND IT IS HEREBY ENACTED as By-law No. 53 of NEW INSCO MINES LTD. (No Personal Liability) (herein called the "Company"):

1. THAT the capital of the Company be and is hereby increased from the sum of Three Million Dollars (\$3,000,000) to the sum of Seven Million Five Hundred Thousand Dollars (\$7,500,000) by the creation of Four Million Five Hundred Thousand (4,500,000) additional shares of the par value of One Dollar (\$1) each ranking pari passu in all respects with the existing shares of the Company, so that the authorized capital of the Company shall consist of Seven Million Five Hundred Thousand Dollars (\$7,500,000) divided into Seven Million Five Hundred Thousand (7,500,000) shares of the par value of One Dollar (\$1) each;

2. THAT the Company be and is hereby authorized to make a petition to the Minister of Financial Institutions, Companies and Cooperatives of the Province of Quebec for supplementary letters patent confirming this by-law;

3. THAT the Directors and Officers of the Company be and are hereby authorized and directed to do, sign and execute all things, deeds and documents necessary or desirable for the due carrying out of the foregoing.

BY-LAW NO. 54

BE IT ENACTED AND IT IS HEREBY ENACTED AS BY-LAW NO. 54 OF NEW INSCO MINES LTD (No Personal Liability) (herein called the "Company"):

THAT the Directors be and they are hereby authorized from time to time to issue by resolution, upon such terms and conditions as they deem advantageous, any of the common shares having a par value of One Dollar (\$1) each of the capital stock of the Company, at any premium above their par value or at any discount not exceeding ninety per cent (90%) of their par value, so that the issue price of each such share shall not be less than, but may be more than Ten Cents (10¢); and

THAT the present By-law will come into effect from and after the date of the supplementary letters patent confirming By-law No. 54 of the Company.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

In addition to the foregoing matters, the Directors and Officers of the Company consider that it would be appropriate to make certain modifications concerning the location of the head office of the Company and the qualifications to be elected a Director of the Company. The recommended changes are designed to reflect the reality of the corporate seat of your Company and the legislation currently in force as to the qualification to act as a company Director. At the Meeting the following By-laws passed by the Directors of the Company at their meeting held on the 16th day of February, 1971, will be presented to the Shareholders for ratification, confirmation and approval:

BY-LAW NO. 55

BE IT ENACTED and it is hereby enacted as a By-law of NEW INSCO MINES LTD. (No Personal Liability) that the head office of the Company be changed from the Town of Amos to The Montreal Urban Community.

BY-LAW NO. 56

BE IT ENACTED and it is hereby enacted as a By-law of NEW INSCO MINES LTD. (No Personal Liability) (herein called the "Company") that By-law number 19 of the General By-laws of the Company is hereby repealed and the following provisions be substituted in place thereof:

"The qualification of a Director shall be that he, or any other company of which he is an Officer or Director, holds, at the time of his election and throughout his term of office, at least one common share (fully paid up and non-assessable) in the capital stock of the Company."

Finally, so that the corporate records of the Company may be confirmed to be in good order, the Directors will ask that the Shareholders sanction the acts made, passed and enacted by the Directors and Officers of the Company from its incorporation to the 9th of March 1971.

The Directors and Senior Officers of the Company have no present knowledge that any business other than that referred to above will be presented at the Meeting. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the Instrument of Proxy to vote such proxies in accordance with their judgement on such matters.

DATED at Toronto, this 17th
day of February, 1971.

